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UNCLAS ZAGREB 000350

SIPDIS

STATE PASS USTR

E.O. 12958: N/A

TAGS: [ETRD](#) [HR](#) [WTO](#)

SUBJECT: CROATIA SEEKS "BREATHING SPACE" IN  
NON-AGRICULTURAL MARKET ACCESS NEGOTIATIONS AS NEWLY  
ACCEDING MEMBER OF WTO

REF: A. 2002 STATE 243208

[1](#)B. 2003 STATE 19378

[1](#)1. IN RESPONSE TO OUR DEMARCHE LAST FALL (REF A), THE  
MINISTRY OF ECONOMY SHARED WITH US THE STATEMENT THAT IT  
SUBMITTED TO THE NEGOTIATING GROUP ON MARKET ACCESS (NOVEMBER  
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4-6, 2002), IN WHICH THE GOC ARGUED THAT CROATIA, ALONG WITH  
OTHER COUNTRIES WHICH HAD NEWLY ACCEDED TO THE WTO, NEEDED  
SOME "BREATHING ROOM" BEFORE IT COULD BE EXPECTED TO TAKE ON  
ANY ADDITIONAL REDUCTIONS IN TARIFFS.

[1](#)2. REF B FOLLOW-UP WAS FORWARDED TO OLGICA SPEVEC, ASSISTANT  
MINISTER FOR TRADE AT THE MINISTRY OF ECONOMY ON JANUARY  
27TH, BUT SHE WAS UNABLE TO MEET WITH US UNTIL FEBRUARY 11.  
SPEVEC AND HER ASSISTANT FOR INTERNATIONAL TRADE, VESNA  
FOCHT, REITERATED THE POSITION LAID OUT IN CROATIA'S NOVEMBER  
STATEMENT. SPEVEC REPORTED THAT IN THE PREVIOUS WEEK'S  
MEETINGS IN GENEVA, CROATIA HAD SPOKEN ON BEHALF OF A GROUP  
OF "NEWLY-ACCEDED" COUNTRIES, INCLUDING OTHER CENTRAL AND  
EASTERN EUROPEAN COUNTRIES AND JORDAN. THESE COUNTRIES  
AGREED THAT THEY WERE BUSY ADJUSTING TO THE VERY AMBITIOUS  
COMMITMENTS THEY HAD TAKEN ON AND WERE NOT READY TO MOVE  
IMMEDIATELY TO THE VIRTUAL ELIMINATION OF TARIFFS.

[1](#)3. SPEVEC ADDED THAT IN THE CASE OF CROATIA, IT WAS ALREADY  
AMONG THE MOST OPEN COUNTRIES IN THE WORLD, IN TERMS OF ITS  
COMPLETE BINDING OF TARIFF LEVELS. ITS AVERAGE BOUND RATE  
TARIFFS LEVEL FOR NON-AGRICULTURAL PRODUCTS WAS 5 PERCENT,  
WITH OVER 99 PERCENT OF ITS TARIFFS BOUND BELOW OR AT 14  
PERCENT. IT WAS TIME FOR THE REST OF THE WORLD TO CATCH UP  
WITH CROATIA. SHE ALSO NOTED THAT MOST OF CROATIA'S  
NEIGHBORS, ASIDE FROM SLOVAKIA AND THE CZECH REPUBLIC, HAD  
HIGHER TARIFFS. WHILE SHE RECOGNIZED THE MANY BENEFITS THAT  
LOWER TARIFFS HAD BROUGHT CROATIA (WHICH IS EXPERIENCING A  
CREDIT AND CONSUMER-LED BOOMLET), THERE WAS ALSO A CONCERN  
ABOUT BALLOONING TRADE DEFICITS.  
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